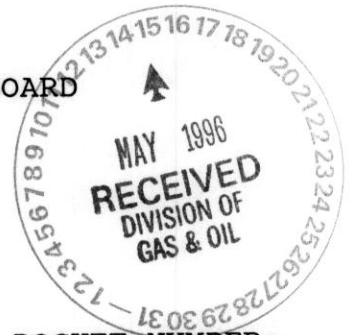


BEFORE THE VIRGINIA GAS AND OIL BOARD



APPLICANT: EQUITABLE RESOURCES ENERGY COMPANY)
)
RELIEF SOUGHT: MODIFICATION OF POOLING)
ORDER FOR VC-3561)
)
LEGAL DESCRIPTION: E.S. COUNTS 261.48 ACRE)
CLINCHFIELD COAL)
COMPANY, ET AL.)
T-261 TRACT)
NORA QUADRANGLE)
ERVINTON DISTRICT)
DICKENSON COUNTY, VA)
(See Exhibit A for a)
specific description.))

DOCKET NUMBER:
VGOB-96/02/20-0534
VGOB-96/02/20-0534-1

APPLICATION TO MODIFY PRIOR ORDER

1. Parties: Applicant herein is Equitable Resources Energy Company, whose address for the purposes hereof is 1989 East Stone Drive, Kingsport, Tennessee, 37660, Telephone: (423) 224-3800. The attorney for Applicant is James E. Kaiser, HUNTER, SMITH & DAVIS, whose address is 1212 N. Eastman Road, Kingsport, Tennessee, 37664, Telephone: (423) 378-8800. The unleased entities or persons are listed on Exhibit B, attached hereto and made a party hereto. Set forth in Exhibit B is the name and last-known address of each owner of record identified by Applicant as having an interest in the gas and oil underlying the unit described in Exhibit A, attached hereto and made a part hereof. Each of the unleased individuals named in Exhibit B is being made a party if living; if any such individual is deceased, then the unknown heirs, executors, administrators, devisees, trustees and assignees, both immediate and remote, of any such deceased individual are made parties herein. Each of the unleased entities listed in Exhibit B that is a corporation is being made a party if such entity continues to have legal existence, and if any such corporation is dissolved, then the unknown successors, trustees, and assigns, both immediate and remote, of such dissolved corporation are made parties herein. Each of the unleased entities listed in Exhibit B that is an

unincorporated association is being made a party if such entity continues to have legal existence, and if any such unincorporated association is dissolved or otherwise not in existence, then the unknown successors, trustees and assigns, both immediate and remote, of such unincorporated association are made parties herein.

2. Allegation of Facts: Applicant is the owner of the right to develop and produce oil and gas from all formations, from the surface to total depth drilled within the Nora Field and underlying the lands described on Exhibit A attached hereto and made a part hereof and to appropriate the oil and gas produced therefrom.

(a) Applicant has proposed a plan of development and operation of the Formations underlying the drilling unit involved herein (described and depicted on Exhibit A attached hereto and made a part hereof) and has proposed to commence such plan of development and operation of such unit by a well, designated as well number VC-3561, under such plan in the lands involved herein so as to produce oil and gas from the proposed unit. Applicant's plan of development and operation was approved by the Board as evidenced by its Order dated April 15, 1996, now of record at Deed Book 317, Page 052 in the Dickenson County, Virginia, Clerk's Office, at which time the then-known interests in the subject unit were pooled.

(b) Since the aforesaid hearing and Order, Applicant has continued to exercise due diligence to locate each of the oil and gas interest owners named herein at Exhibit B and has made a bona fide effort to reach an agreement with all unleased parties as to pooling their interest for the development and operation of the well involved herein. Simultaneously with the filing of this Application for Modification, Applicant has provided notice to each of the parties set forth in Exhibit B whose interests are effected by this Modification proceeding, being those parties in tract number three pursuant to the provisions of § 45.1-361.19, et seq. of the Virginia Code Annotated and § 4 of the Virginia Gas & Oil Board Regulation VR 480-05-22.2 effective October 23, 1991.

Applicant hereby notifies the Board that where the identity or location of any person is shown as "unknown" on Exhibit B, then Applicant is unable to provide such person with written notice of the Application herein. The interest of all unleased persons in the Formation underlying the drilling unit for well number VC-3561, should be pooled for the development and operation thereof.

(c) Applicant proposes to drill at the permitted location to an approximate depth of 1,880 feet on the Subject Lands to test for oil, gas and coalbed methane in the Subject Formations, all Pennsylvanian aged coals from the top of the Raven including all splits to the top of the green and red shales including but not limited to: Raven, Jawbone, Upper Horsepen, Middle Horsepen, War Creek, Beckley, Lower Horsepen, Poco #8, Poco #4, Poco #3, Poco #1; any unnamed coal seams and other associated formations known as the Nora Coalbed Gas Field. Applicant estimates the cost for a well to said depth to be \$173,000.00 for a well completed for production. Exhibit C, attached hereto and made a part hereof, is Applicant's signed, dated Detailed Well Estimate ("DWE") which shows the estimated cost of drilling, completing and equipping said well.

(e) The estimated production over the life of the proposed well is 450 million cubic feet. These figures concerning estimated production and the amount of reserves are, however, estimates only that are not based upon actual production and should not be relied upon for any purpose.

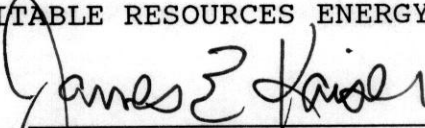
3. Legal Authority: The relief sought by this Application is authorized by Virginia Code Annotated §45.1-361.21 and §7 of the Virginia Gas & Oil Board Regulation VR 480-05-22.2 effective October 23, 1991.

4. Relief Sought: Applicant requests the Virginia Gas and Oil Board to enter an order pooling all unleased interests or estates of all persons or entities owning oil and gas interests in the Formations underlying the tracts encompassed by the drilling unit supporting well number VC-3561, and (I) authorizing the drilling and operation of a well for

the production of oil and gas from the pooled acreage; (II) designating Applicant as the party authorized to drill and operate such well; (III) prescribing the time, manner, and other conditions under which unleased parties owning an interest in the oil and gas may elect to participate in the operation of such well, or to exercise their rights of election under the applicable statutes; (IV) providing that all reasonable costs and expenses of drilling, completing, equipping, operating, plugging and abandoning such well shall be borne, and all production therefrom, shared, by all participating parties in the proportion which the acreage in the pooled tracts owned or under lease to each such participating party bears to the total acreage in such unit; and, (V) making provision for the payment of all reasonable costs of the operation, including a reasonable supervision fee, to the Applicant by all parties who elect to participate therein or who elect to be carried interest owners.

DATED this 15th day of May, 1996.

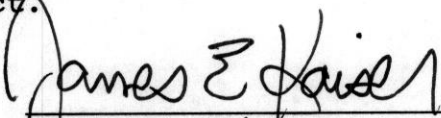
EQUITABLE RESOURCES ENERGY COMPANY,


James E. Kaiser

HUNTER, SMITH & DAVIS
1212 N. Eastman Road
Kingsport, TN 37664
Telephone: (423) 378-8800

VERIFICATION

The foregoing Application to the best of my knowledge, information and belief is true and correct.


James E. Kaiser

HUNTER, SMITH & DAVIS

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: EQUITABLE RESOURCES ENERGY COMPANY)	
)	
RELIEF SOUGHT: MODIFICATION OF POOLING)	
ORDER FOR VC-3561)	
)	DOCKET NUMBER:
LEGAL DESCRIPTION: E.S. COUNTS 261.48 ACRE)	VGOB-96/02/20-0534
CLINCHFIELD COAL)	VGOB-96/02/20-0534-1
COMPANY, ET AL.)	
T-261 TRACT)	
NORA QUADRANGLE)	
ERVINTON DISTRICT)	
DICKENSON COUNTY, VA)	
(See Exhibit A for a)	
specific description.))	

NOTICE OF HEARING

HEARING DATE: June 18, 1996
PLACE: 4H Center
Route 609, Hillman Highway
Abingdon, Virginia
TIME: 9:00 a.m.

COMMONWEALTH OF VIRGINIA: To all persons owning an interest in the oil and gas, in and underlying the unit surrounding Well Number VC-3561 as described on Exhibit "A" to the Application, which is attached to this Notice, in Dickenson County, Virginia (hereinafter "Subject Lands") and adjacent lands, and in particular to the following person, their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote:

See attached Exhibit B.

NOTICE IS HEREBY GIVEN that the Applicant is requesting that the Virginia Oil and Gas Board (hereinafter "Board") issue an order modifying its prior order entered on the 15th day of April, 1996 thereby pooling all the rights, interests, and estates of the unleased persons pursuant to Virginia Code Ann. § 45.1-361.1 et seq. in regard to the drilling, development and production of oil and gas from drilling Unit VC-3561, containing approximately 58.77 acres, located on the above-referenced oil and gas tract on the Nora Quadrangle, situated on the right side of Highway 661, in the Ervinton District of Dickenson County, Virginia. Applicant requests that the Board issue its order providing as follows:

- a. Pooling all the interests and estates of the unleased persons named herein and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling, development and

production of oil and gas from the subject drilling unit for the Subject Formations underlying and comprised of the Subject Lands;

- b. Establishing a procedure whereby each unleased person named herein shall have the right to elect (1) to assign or lease his oil and gas interest in the subject drilling unit to the designated operator; (2) to enter into a voluntary agreement with the designated operator to share in the operation (including the sharing in all reasonable costs of the drilling of the well and development of the unit) at a rate of payment mutually agreed to by the person making the election hereunder and the designated operator herein or (3) to share in the operation of the well as a nonparticipating operator on a carried basis after the proceeds allocable to such person's share equal the following:

In the case of a leased tract, 300 percent of the share of the costs allocable to such person's interest; or

In the case of an unleased tract, 200 percent of the share of such costs allocable to such person's interest;

- c. Providing that any unleased person named herein who does not make a timely written election under the terms of the Order to be entered herein shall be deemed to have leased his oil and gas interest in the subject drilling unit to the operator designated herein at a rate to be established by the Board;
- d. Designating Applicant, EREC, as Operator; providing that the operator shall have right to drill, develop, produce, market and sell oil and gas produced from the subject drilling unit; granting the operator the right to market and sell oil and gas produced from the subject drilling unit which is attributable to the conflicting claims and interest pooled herein; providing that the operator shall have an operator's lien on the oil and gas estate and rights owned or claimed by the unleased persons named herein in the subject drilling unit; and granting the operator the right to drill at any legal or specially permitted location on the subject drilling unit;
- e. Making any necessary provision for the escrow of funds pursuant to Va. Code Ann. § 45.1-361.21;
- f. Providing that the order to be entered herein shall expire one (1) year from the date of its issuance if operations for the development of the subject drilling unit have not commenced by said date; but further providing that if operations have commenced during said one year period, then said order shall remain in effect for so long as operations continue on the subject drilling unit;

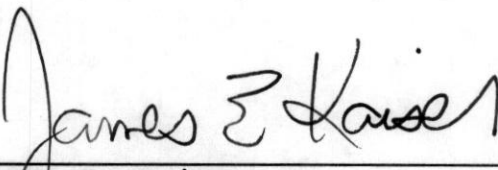
- g. Providing that the conduct of operations on any tract in the subject drilling unit shall be deemed to be the conduct of operations on all tracts in the drilling unit; and providing that the production allocated to any tract in the pooled drilling unit shall be in the same proportion as the acreage of that tract bears to the total acreage in the drilling unit; and
- h. Granting such other relief as is merited by the evidence and is just and equitable, whether or not such relief has been specifically requested herein.

NOTICE IS FURTHER GIVEN that this cause has been set for hearing and the taking of evidence before the Board at 9:00 a.m. on June 18, 1996 at the 4H Center, Route 609, Hillman Highway, in Abingdon, Virginia and that notice will be published as required by the law and the rules of the Board.

NOTICE IS FURTHER GIVEN that you may attend this hearing, with or without an attorney, and offer evidence or state any comments you have. The Board rules require that any written objections you wish to file must be filed with the Board at least 10 days before the hearing. For further information, contact the Virginia Gas and Oil Board, State Gas and Oil Inspector, Department of Mines, Minerals and Energy, Division of Gas and Oil, P.O. Box 1416, Abingdon, Virginia, 24210, (540) 676-5423 or the Applicant at the address shown below.

DATED this 15th day of May, 1996.

Equitable Resources Energy Company
Two Executive Park Place
1989 East Stone Drive
Kingsport, TN 37660



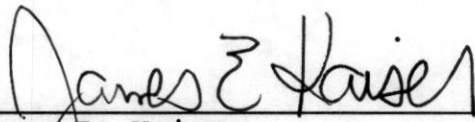
James E. Kaiser

HUNTER, SMITH & DAVIS, of Counsel for
Equitable Resources Energy Company
1212 N. Eastman Road
Kingsport, TN 37664
(423) 378-8800

CERTIFICATE OF SERVICE

I, James E. Kaiser, of counsel for Equitable Resources Energy Company, hereby certify that I have on this, the 15th day of May, 1996, caused the foregoing notice and application to be served upon the parties listed herein, at their address, by certified mail, return receipt requested.

Dated this 15th day of May, 1996.



James E. Kaiser
HUNTER, SMITH & DAVIS

Latitude 37°07'30"

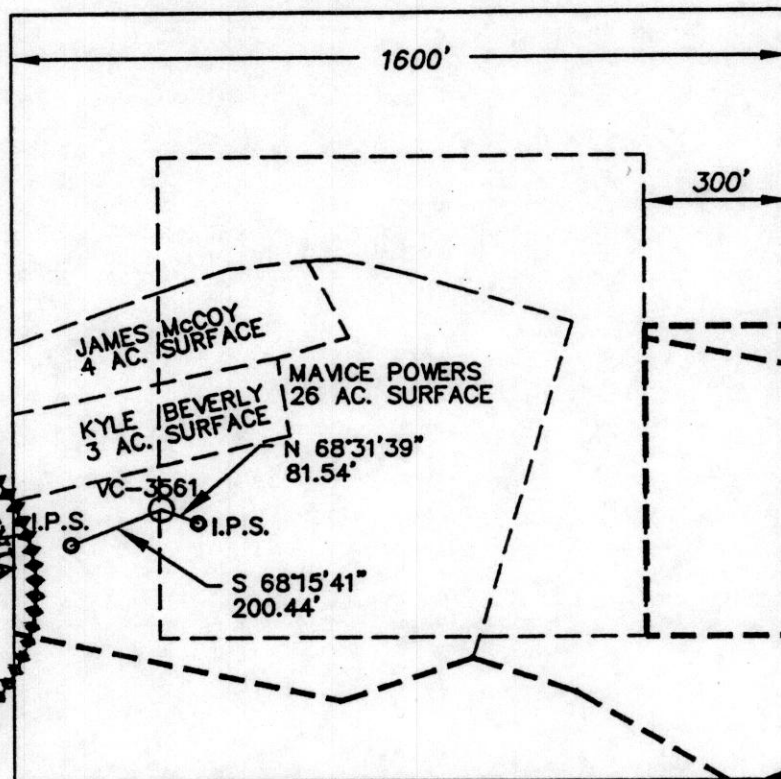
Longitude 82°17'30"

4,050'

EREX LEASE PO-148
TRACT T-261
E.S. COUNTS
CLINCHFIELD COAL COMPANY/
PYXIS RESOURCES COMPANY
COAL
PINE MOUNTAIN OIL AND GAS
OIL AND GAS
1500.00 ACRES
CBM 47.53 ACRES 81%

NOTE:
SURFACE LINE INFORMATION PROVIDED
BY EQUITABLE RESOURCES EXPLORATION

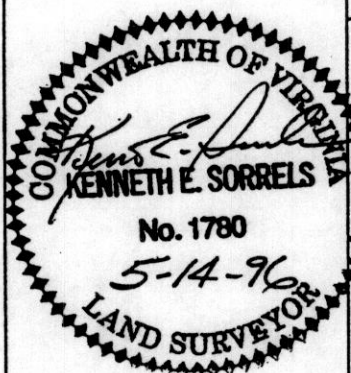
Tract #1



Tract #4

NORA COUNTS
SURFACE, COAL, OIL, & GAS
UNLEASED
1.26 ACRES
CBM 0.37 ACRES 1%

Tract #3
TOM WRIGHT ESTATE
SURFACE, COAL, OIL, & GAS
UNLEASED
8.74 ACRES
CBM 4.07 ACRES 7%



EREX LEASE PO-314
REBA COUNTS, ETAL
SURFACE, COAL, OIL, & GAS
163.00 ACRES
CBM 6.80 ACRES 11%

Tract #2

--- NON-SURVEYED SURFACE LINE
--- NON-SURVEYED MINERAL LINE

Well elevation determined by trigonometric levels
from Well VC-3313

Area of Unit = 58.77 Ac.

WELL COORDINATES:
VA. ST. PLANE S. ZONE NAD 27
(CALCULATED FROM NAD 83 (1994))
BY ACE PROGRAM CORPSCON)
N 306,354.79 E 894,522.35
Well Coordinates: (Cinchfield Coal Co.)
N 5039.92 E 26605.64

WELL LOCATION PLAT

COMPANY: Equitable Resources Exploration WELL NAME AND NO: VC-3561
TRACT NO: T-261 ELEVATION: 1900.60 QUADRANGLE: NORA, VA
COUNTY: DICKENSON DISTRICT: ERVINTON SCALE: 1"=400' DATE: 5/14/96

This plat is a new plat ☐; an updated plat ☒; or a final location plat ☐

+ Denotes the location of a well on United States Topographic Maps, Scale 1:24000,
latitude and longitude lines being represented by border lines as shown.

Kenneth E. Sorrels

Licensed Professional Engineer or Licensed Land Surveyor